

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:167

ANSWERED ON:30.11.2000

LEASING OF OIL FIELDS TO PRIVATE SECTOR COMPANIES

ADHIR RANJAN CHOWDHURY;Y.S. VIVEKANANDA REDDY

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government have found several irregularities in awarding the lease of oil fields to some private sector companies during 1995;
- (b) if so, the facts and the details thereof;
- (c) whether demands have been made to probe into the leasing of oil fields to private companies by CBI; and
- (d) if so, the reaction of the Government thereon?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK)

(a) to (d):- A statement is laid on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No. 167 for answer on 30.11.2000 regarding 'Leasing of Oil Fields to Private Sector Companies'

(a) to (d):-The awards of discovered fields to private parties under the first offer were audited by Comptroller & Auditor General (CAG) in 1995-97. In its reports CAG had made certain observations on reimbursement of past cost to Oil and Natural Gas Corporation (ONGC), not carrying out comparative economics of developing the fields under Joint Venture vis-à-vis ONGC developing fields on stand-alone basis before taking decision on awards by Government, down-grading of reserves for Panna-Mukta fields for bid evaluation, freezing of cess and royalty and not providing a level playing field for National Oil Companies (NOCs), apart from procedural aspects on tender opening etc. Central Bureau of Investigation (CBI) instituted a preliminary inquiry and two Public Interest Litigations (PILs) were filed in the Delhi High Court in 1997 seeking to cancel the award of Panna Mukta field and to conduct an independent inquiry. After hearing all the parties and receiving report from the CBI on award of Panna Mukta field, the High Court in January, 1999 dismissed the PILs.

A Special Leave Petition (SLP) was filed in the Supreme Court in February, 1999 against the judgement of Delhi High Court. The Supreme Court after detailed hearing of the case dismissed this petition on 19th October, 2000.

The policy for offering of discovered fields for private participation was reviewed by the Government in 1999 and it was decided that in future the bids for such fields may be invited by the National Oil Companies, ONGC and Oil India Ltd. themselves.